

APPENDIX D

DEFINITIONS OF UNDERSERVED MARKET BUSINESS CATEGORIES

For purposes of the Underserved Market Pilot Program outlined in Section VII(B)(2) of the Manual, the following definitions/parameters shall apply with respect to the target markets:

- i. **Minority-owned Business** is defined in accordance with eligibility requirements of the Minority Business Development Agency (U.S. Department of Commerce). A minority business enterprise is a business owned (for Ex-Im Bank purposes, greater than 50%) or controlled by one or more *socially or economically disadvantaged persons*. Accordingly, it is the minority person's current or potential ownership or control of a business which determines eligibility, not merely the person's status as a member of a minority group. Eligible groups are: Blacks (African-Americans); Puerto Ricans; Spanish-speaking Americans; American Indians (Native Americans); Eskimos; Aleuts; Asian Pacific-Americans; Asian Indians; and Hasidic Jews.

Socially disadvantaged persons means those persons who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group, without regard to their qualities as individuals.

Economically disadvantaged persons means socially disadvantaged persons whose ability to compete in the free enterprise system has been impaired due to diminished opportunities to obtain capital and credit as compared to others in the same line of business who are not socially disadvantaged.

- ii. **Women-owned Business** is defined as a business that is owned (greater than 50%) or controlled by one or more women.
- iii. **Business located in an economically depressed area** - The term "economically depressed area" means an economically integrated area within any State in which a chronically low level of economic activity or a deteriorating economic base has caused such adverse effects as (A) a rate of unemployment at least 50 percent greater than the average rate of unemployment in that State or in the Nation, for each of the three years preceding the year for which a determination is made, and (B) a large concentration of low-income families as defined in the poverty income guidelines issued annually by the Secretary of Health and Human Services.
- iv. **Business located in a rural area** - To be eligible, a business' primary operations must be located in a rural area, and at least 50% of its employees must reside in a rural area. A rural area includes all territory of a state that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent *urbanized* and *urbanizing areas*, as defined below.

An *urbanized area* is an area immediately adjacent to a city with a population of 50,000 or more, that for general social and economic purposes forms a single community with such city.

An urbanizing area is an area immediately adjacent to a city with a population of 50,000 or more, with a population density of more than 100 persons per square mile or is an area with a population density of less than 100 persons per square mile which appears likely, based on development and population trends, to become urbanized in the foreseeable future.

The corporate status of an *urbanized* or *urbanizing area* is not material. An area located in recognizable open country or separated from any city of 50,000 or more population by recognizable open country or by a natural barrier (such as a river), will be assumed to be not urbanized or urbanizing.

- v. **Environmental business** - Producing environmentally beneficial products and/or service.